



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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July 17, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**HOSPITAL SERVICES AGREEMENT WITH ANTELOPE VALLEY HOSPITAL
DISTRICT DBA ANTELOPE VALLEY HOSPITAL
(5th District) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Health Services, or his designee, to negotiate and execute a sole source agreement with the Antelope Valley Hospital District dba Antelope Valley Hospital for the provision of covered health care services for all Department of Health Services' Community Health Plan ("CHP") product lines of business, which includes the Medi-Cal Managed Care Program (MMCP), Healthy Families Program (HFP), County Temporary Employees Program (CTEP), and Personal Assistance Services Council-Service Employees International Union (PASC-SEIU) Homecare Workers Health Care Plan Program, for a term not to exceed eighteen (18) months with expiration no later than December 31, 2004, and with agreement rates and terms in accordance with the parameters set forth herein.
2. Authorize the Director of Health Services, or his designee, to extend the term of the agreement on a month-to-month basis for up to six additional months with expiration no later than June 30, 2005, if it is in the best interest of the County.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

By approving these recommendations and delegating authority to the Director of Health Services, the Board is instructing the Department to complete negotiations and execute an agreement with Antelope Valley Hospital District (AVHD) whereby the County would offer an agreement for AVHD to provide all covered inpatient medical services for CHP members under all CHP product lines of business, which includes the MMCP, HFP, CTEP and the PASC-SEIU Homecare Workers Health Care Program.

FISCAL IMPACT/FINANCING:

AVHD will be reimbursed on a fee-for-service basis for the provision of medical care to CHP members under each product line of business who have chosen or have been assigned to Antelope Valley Hospital to receive covered services.

The projected estimated reimbursement to AVHD for the provision of medical care on a fee-for-service basis is \$4.264 million annually. The reimbursement rates are on file with the Office of Managed Care (OMC) and are kept confidential in accordance with Section 1457 of the California Health and Safety Code. A copy of the rates shall have been provided to the Board prior to their consideration and have been provided to the County Counsel and Chief Administrative Office.

Funding is 100% revenue offset by County, State, and Federal funds. Funding is provided through capitation payments received from L.A. Care for the Medi-Cal beneficiaries for the MMCP, from the State's Managed Risk Medical Insurance Board (MRMIB) for the HFP, and from PASC/Department of Public Social Services for the PASC-SEIU Homecare Workers Health Care Plan. Also, funding is provided by premiums collected through the County's health plan for the County's temporary employees enrolled in CTEP.

Sufficient funding has been requested in Fiscal Year (FY) 2003-04 Adopted Budget and will be requested in future fiscal years. There is no additional County cost associated with this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP, a full-service Knox-Keene licensed and federally qualified Health Maintenance Organization (HMO), is the County's publicly operated HMO administered by the Department's Office of Managed Care. CHP provides services funded by the Local Initiative Health Authority (dba L.A. Care Health Plan) for Medi-Cal beneficiaries under the State's Two-Plan Managed Care Program, MRMIB for the HFP, PASC for the PASC-SEIU Homecare Workers Health Care Plan Program beneficiaries, and the County for County's temporary employees.

In order to maintain the Knox-Keene licensure for the Antelope Valley area, CHP must provide or arrange for the provision of covered health services within the geographic region.

On June 26, 2002, the Board approved the DHS' Strategic Plan to redesign the County's health delivery system. The Plan includes the conversion of the High Desert Hospital to a Multi-Service Ambulatory Care Center (MACC), which would no longer provide inpatient care to County patients and CHP members assigned to the hospital to receive medical care. AVHD is the only other hospital within this area which can provide the covered inpatient health services.

The Agreement between the CHP and AVHD will include the scope of services to be provided by AVHD at specified rates which are confidential and are on file with the Department.

The term of the Agreement will be effective upon execution by the parties and upon necessary approval by the State Department of Managed Health Care for a period of no more than eighteen months, but expire no later than December 31, 2004, with delegated authority to the Director to extend on a month-to-month basis for an additional six months but expire no later than June 30, 2005. Either party may terminate the agreement without cause with ninety (90) days prior written notice.

The agreement includes the Jury Duty language and Safely Surrendered Baby law language required by the Board.

Attachment A provides additional information.

The negotiated sole source agreement and any extension will be reviewed and approved by County Counsel and the Chief Administrative Office prior to execution.

CONTRACTING PROCESS:

AVHD was selected to provide covered inpatient medical services to CHP members that were previously assigned to the High Desert Hospital due to its unique position as the only hospital that meets all DMHC requirements for providing contract services in the geographic area in order to maintain CHP's Knox-Keene license in the region.

It was not appropriate to advertise on the Los Angeles County On-line Web Site.

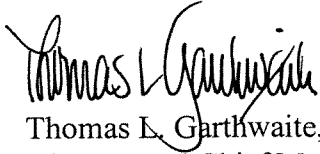
IMPACT ON CURRENT SERVICES (OR PROJECTS):

The medical services provided to CHP members currently assigned to High Desert Health System will not be affected by contracting with AVHD.

The Honorable Board of Supervisors
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When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite".

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lm

Attachment (1)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLAVCD2920.lm

SUMMARY OF AGREEMENT1. Type of Service:

A sole source agreement with Antelope Valley Hospital District dba Antelope Valley Hospital for the provision of covered health care services for all Department of Health Services' Community Health Plan product lines of business which includes the Medi-Cal Managed Health Program (MMCP), Healthy Families Program (HFP), County Temporary Employees Program (CTEP), and Personal Assistance Services Council-Services Employees International Union (PASC-SEIU) Homecare Workers Health Care Plan Program.

2. Agency Address and Contact Person:

Antelope Valley Hospital District
1600 West Avenue J
Lancaster, CA 93534
Contact Person: Les Wong, CEO
Telephone: (661) 949-5510

3. Term:

The term of the Agreement will be effective upon execution by the parties and upon necessary approval by the State Department of Managed Health Care for a period of no more than eighteen months, but expire no later than December 31, 2004, with delegated authority to the Director to extend on a month-to-month basis for an additional six months but expire no later than June 30, 2005. Either party may terminate the agreement without cause with ninety (90) days prior written notice.

4. Financial Information:

Funding for the CHP's MMCP services is provided by the County, State and Federal governments through the Local Initiative dba L.A. Care; the HFP services is provided by the State's MRMIB; CTEP is provided by the County's Temporary Employee Program; the PASC-SEIU Homecare Workers Health Care Plan Program is provided by PASC, all reimbursed at capitated rates for each CHP subscriber enrolled in each product line of business. Antelope Valley Hospital District will be reimbursed for all medical care provided to CHP members on a fee-for-service basis. The proposed rates are confidential, and shall have been shared with each Board Office, and have been provided to the Chief Administrative Office, and County Counsel.

5. Geographic Area To Be Served:

Antelope Valley area.

6. Accountable for Program Evaluation:

Pauline Rodriguez, Acting Director, Office of Managed Care

7. Approvals:

Office of Managed Care:
Contracts and Grants Division:
County Counsel:

Pauline Rodriguez, Acting Director
Riley J. Austin, Acting Chief
Edward Morrissey, Deputy County Counsel